

September 23, 2013

Californian Energy Commission  
Dockets Office, MS-4  
1516 Ninth Street  
Sacramento, California 95814



**RE: Docket No. 13-IEP-1D – Electricity Infrastructure Issues - Preliminary Reliability Plan for LA Basin and San Diego**

Dear Commissioners:

We, the undersigned, represent the three largest business associations in Southern California. Collectively we represent more than 5,000 businesses that employ more than 1.5 million people in the region. As the primary representatives of the business community in Southern California, we would like to submit the following comments regarding the “Preliminary Reliability Plan for LA Basin and San Diego (“Plan”)” presented by staff of the California Public Utilities Commission (“CPUC”), California Energy Commission (“CEC”), and California Independent System Operator (“Cal ISO”) at the “Joint Workshop on Southern California Electricity Infrastructure and Reliability Issues” in Sacramento on September 9, 2013.

We strongly agree with the statement in the Plan that “the closure of the San Onofre Nuclear Generating Station (“SONGS”) and of the impacts of the Once Through Cooling (“OTC”) regulations creates unprecedented challenges for maintaining reliable electric service to consumers in the southern region of California.” As the Plan also notes, we are also concerned in particular with the shortage of voltage support in the impacted region. How these unprecedented challenges are resolved will significantly impact the business members of our organizations and the economy of Southern California.

Our organizations have reviewed the Plan and observed the two public hearings the CEC and CPUC held regarding this issue (“Joint Workshop on Electricity Infrastructure Issues Resulting from SONGS Closure” held at UCLA on July 15, 2013 and “Workshop on Southern California Electricity Infrastructure and Reliability Issues” held in Sacramento on September 9, 2013). While we are glad to see the CEC, CPUC, State Water Board, Cal ISO and SCAQMD working together to develop near- and long-term plans to ensure grid reliability in the impacted region, we are disappointed and concerned with the lack of input sought from the business community at the two workshops. Most of the business community is not aware of this grid reliability issue, the proposed Plan, and the decision-making process that’s currently underway.

We believe, due to the complexity and magnitude of this issue and its particular economic significance for our region, that additional public hearings and outreach on the Plan should be conducted in Southern California to educate and solicit feedback from residents and businesses before a final decision on what appropriate course of action(s) should be taken to ensure reliability in the impacted region. Our organizations are willing and well positioned to assist with that outreach and education.

Our organizations appreciate all of the effort that has occurred to develop the Plan. However, we believe there needs to be further study of its feasibility and potential impact on ratepayers, and should be evaluated against other alternatives. Grid reliability is of paramount importance for the business community, but we're concerned that the Plan's ambitious goal to replace 50% of the impacted region's current and future electric supply with "preferred resources" may not be the most cost-effective approach to meeting our region's energy needs. While we understand this situation presents "a unique opportunity to reduce reliance on conventional resources", we believe pursuing solutions that could possibly address the supply issue should not be pursued at the expense of grid reliability. There must be a thorough evaluation of how achievable a 50% preferred resources concept is given its unprecedented scale and limited timeframe.

Finally, given the ambitious goals proposed in the Plan, we believe clearly articulating backstop measures and trigger mechanisms should be included in the Plan to ensure that energy needs in the impacted region can be met should the preferred resources prove to be insufficient. From the materials we have reviewed and the hearings we have observed, it is unclear at this point what next steps are required in this decision-making process to achieve a feasible, fiscally prudent plan for meeting the electric needs of Southern California. Our organizations and its members want to be part of creating a truly workable solution to this unprecedented problem. We thank you for this opportunity to comment on the Preliminary Plan and look forward to working with you on this critically important issue for our region.

Sincerely,



Lucy Dunn  
President & CEO  
Orange County Business Council



Gary Toebben  
President & CEO  
Los Angeles Area Chamber of Commerce



Jerry Sanders  
President & CEO  
San Diego Regional Chamber of Commerce

CC: Members, California Public Utilities Commission  
Members, California State Water Resources Control Board  
Members, California Independent System Operator Board of Governors  
Members, South Coast Air Quality Management District Governing Board